

MT LEGISLATIVE HISTORY

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Chapter 617 1987

Bill H 743 S _____

Original bill & hist. ✓^c

H. Committee on Taxation

S. Committee on Taxation

Hearing Date(s) _____ _____ C

Hearing Date(s) 3/30 ✓^c

2/19 ✓^c

3/25 ✓^c

_____ _____ C

4/2 _____ C

3/18 ✓^c

4/ _____ ✓^c

Date Out 3/12 ✓^c

4/11 ✓^c

Did this bill originate in an interim committee? _____ Yes _____ No

Committee _____

Report _____

HOUSE FINAL STATUS

3/27	COMMITTEE REPORT--BILL CONCURRED AS AMENDED	
3/30	2ND READING CONCURRED	50 0
3/30	SEGREGATED FROM COMMITTEE OF WHOLE REPORT	50 0
3/30	2ND READING CONCURRED	50 0
3/30	3RD READING CONCURRED	50 0
	RETURNED TO HOUSE WITH AMENDMENTS	
4/08	2ND READING AMENDMENTS CONCURRED	90 0
4/09	3RD READING AMENDMENTS CONCURRED	96 0
4/14	SIGNED BY SPEAKER	
4/14	SIGNED BY PRESIDENT	
4/15	TRANSMITTED TO GOVERNOR	
4/20	SIGNED BY GOVERNOR	
	CHAPTER NUMBER 557 EFFECTIVE DATE: 7/01/87	

HB 741 INTRODUCED BY HARP, ET AL.
REGULATION OF HEALTH SERVICE CORPORATIONS
BY REQUEST OF STATE AUDITOR

2/13	INTRODUCED	
2/13	REFERRED TO BUSINESS & LABOR	
2/13	REREFERRED TO TAXATION	
2/13	FISCAL NOTE REQUESTED	
2/17	FISCAL NOTE RECEIVED	
3/09	HEARING	
3/19	COMMITTEE REPORT--BILL PASSED AS AMENDED	
3/21	2ND READING PASSED	79 18
3/23	3RD READING PASSED	84 10
	TRANSMITTED TO SENATE	
3/24	REFERRED TO TAXATION	
3/25	REREFERRED TO BUSINESS & INDUSTRY	
3/27	HEARING	
3/27	COMMITTEE REPORT--BILL CONCURRED AS AMENDED	
3/30	2ND READING CONCURRED	49 1
3/30	3RD READING CONCURRED	47 3
	RETURNED TO HOUSE WITH AMENDMENTS	
4/08	2ND READING AMENDMENTS CONCURRED	88 3
4/09	3RD READING AMENDMENTS CONCURRED	91 6
4/14	SIGNED BY SPEAKER	
4/14	SIGNED BY PRESIDENT	
4/15	TRANSMITTED TO GOVERNOR	
4/20	SIGNED BY GOVERNOR	
	CHAPTER NUMBER 558 EFFECTIVE DATE: 1/01/88	

HB 742 INTRODUCED BY COBB
TERMINATING CERTAIN STATE SPECIAL REVENUE ACCOUNTS

2/14	INTRODUCED
2/14	REFERRED TO APPROPRIATIONS
2/14	FISCAL NOTE REQUESTED
2/20	HEARING
2/20	FISCAL NOTE RECEIVED
2/21	TABLED IN COMMITTEE

HB 743 INTRODUCED BY SALES, ET AL.
AMEND PROPERTY TAX AND ASSESSMENT SALE -- REDEMPTION
TIME BASED ON HOMESTEAD

2/14	INTRODUCED
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HOUSE FINAL STATUS

2/14	REFERRED TO TAXATION		
2/19	HEARING		
3/13	COMMITTEE REPORT--BILL PASSED AS AMENDED		
3/16	2ND READING PASSED	85	8
3/17	3RD READING PASSED	92	4

	TRANSMITTED TO SENATE		
3/18	REFERRED TO TAXATION		
3/25	HEARING		
4/11	COMMITTEE REPORT--BILL CONCURRED AS AMENDED		
4/14	2ND READING CONCURRED AS AMENDED	50	0
4/14	3RD READING CONCURRED	46	4

	RETURNED TO HOUSE WITH AMENDMENTS		
4/16	2ND READING AMENDMENTS CONCURRED	95	3
4/17	3RD READING AMENDMENTS CONCURRED	95	1
4/21	SIGNED BY SPEAKER		
4/22	SIGNED BY PRESIDENT		

4/23	TRANSMITTED TO GOVERNOR		
4/27	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 617 EFFECTIVE DATE: 4/27/87		

HB 744 INTRODUCED BY RAMIREZ, ET AL.
APPROPRIATING MONEY FOR A COUNTY CONSOLIDATION
COMMISSION

2/14	INTRODUCED		
2/14	REFERRED TO LOCAL GOVERNMENT		
2/18	HEARING		
2/18	COMMITTEE REPORT--BILL PASSED AS AMENDED		
2/20	2ND READING PASSED AS AMENDED	63	30
2/20	REREFERRED TO APPROPRIATIONS		
3/21	HEARING		
3/21	COMMITTEE REPORT--BILL PASSED AS AMENDED		
3/25	2ND READING PASSED AS AMENDED	77	20
3/27	3RD READING PASSED	72	18

	TRANSMITTED TO SENATE		
3/31	REFERRED TO FINANCE & CLAIMS		
4/06	HEARING		
4/09	ADVERSE COMMITTEE REPORT ADOPTED	46	0
4/10	RETURNED TO HOUSE NOT CONCURRED		

HB 745 INTRODUCED BY RAMIREZ, ET AL.
AMENDING REQUIREMENT THAT VOTERS APPROVE COUNTY
BOUNDARY CHANGES

2/14	INTRODUCED		
2/14	REFERRED TO LOCAL GOVERNMENT		
2/18	HEARING		
2/18	COMMITTEE REPORT--BILL PASSED AS AMENDED		
2/20	2ND READING PASSED AS AMENDED	64	29
2/23	3RD READING FAILED	45	54
2/24	RECONSIDERED ACTION ON 3RD READING	50	46
2/24	2ND READING PASSED AS AMENDED	50	48
2/24	3RD READING FAILED	49	50

HB 746 INTRODUCED BY BRANDEWIE, ET AL.
REQUIRING LOCAL LICENSES FOR ON-SITE SEWAGE
TREATMENT SYSTEMS

2/14	INTRODUCED		
2/14	REFERRED TO NATURAL RESOURCES		

HOUSE BILL NO. 743

INTRODUCED BY SALES, CONNELLY, VINCENT

IN THE HOUSE

FEBRUARY 14, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
MARCH 13, 1987	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 14, 1987	PRINTING REPORT.
MARCH 16, 1987	SECOND READING, DO PASS.
MARCH 17, 1987	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 92; NOES, 4.
	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 18, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
APRIL 11, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 14, 1987	SECOND READING, CONCURRED IN AS AMENDED.
	ON MOTION, RULES SUSPENDED TO PLACE BILL ON THIRD READING THE 83RD LEGISLATIVE DAY.
	THIRD READING, CONCURRED IN. AYES, 46; NOES, 4.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 16, 1987

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 17, 1987

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

1 House BILL NO. 743
2 INTRODUCED BY SALES Connelly Vincent
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE LAWS
5 RELATING TO THE SALE OF LANDS FOR DELINQUENT TAXES AND
6 SPECIAL ASSESSMENTS; CHANGING THE TIME PERIOD FOR REDEMPTION
7 FROM SUCH SALES; AMENDING SECTIONS 7-8-2301, 7-12-2163,
8 7-12-4182, 7-12-4183, 15-17-101, 15-18-101, 15-18-401, AND
9 15-18-403, MCA; AND PROVIDING AN APPLICABILITY PROVISION AND
10 AN IMMEDIATE EFFECTIVE DATE."
11

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 7-8-2301, MCA, is amended to read:

14 "7-8-2301. Auction sale of county tax-deed land. (1)
15 Whenever the county shall acquire any land by tax deed, it
16 shall be the duty of the board of county commissioners,
17 within 6 months after acquiring title, to make and enter an
18 order for sale of such lands at public auction at the front
19 door of the courthouse.

20 (2) No sale shall be made for a price less than the
21 fair market value thereof, as determined and fixed by the
22 board prior to making the order of sale. In determining fair
23 market value, the board shall subtract the amount of
24 outstanding assessments that are a lien on the land from the
25 unencumbered value of the land, but the minimum sale price

1 for a parcel of land may not be less than \$10.

2 (3) If no bids are received at a sale of tax-deed
3 land, the board shall order another auction sale of such
4 land under this part within 6 months and shall, if required
5 by the circumstances, redetermine the fair market value of
6 the land under subsection (2)."

7 Section 2. Section 7-12-2163, MCA, is amended to read:

8 "7-12-2163. Collection of district assessments by
9 county treasurer -- delinquencies. (1) Where any resolution
10 of assessment, either for construction or maintenance, has
11 been duly certified by the county clerk, it shall be the
12 duty of the county treasurer, in accordance with the
13 provisions of this title, to collect such assessment in the
14 same manner and at the same time as taxes for general and
15 municipal purposes are collected by him.

16 (2) When the payment of an installment of a special
17 assessment becomes delinquent, all payments of subsequent
18 installments of the special assessment may, at the option of
19 the board of county commissioners and upon adoption of the
20 appropriate resolutions, become delinquent. Upon delinquency
21 in one or all installments, the whole property must be sold
22 the same as other property is sold for taxes. The
23 enforcement of the lien of any installment of a special
24 assessment by any method authorized by law does not prevent
25 the enforcement of the lien of any subsequent installment

1 when it becomes delinquent."

2 Section 3. Section 7-12-4182, MCA, is amended to read:

3 "7-12-4182. Collection of district assessments by city
4 treasurer in cities collecting their own taxes --
5 delinquencies. (1) In every city or town which shall provide
6 by ordinance for the collection of its taxes for general,
7 municipal, and administrative purposes by its city treasurer
8 or town clerk, such city treasurer or town clerk shall
9 collect all special assessments and taxes levied and
10 assessed in accordance with any of the provisions of this
11 part and part 42 in the same manner and at the same time as
12 said taxes for general, municipal, and administrative
13 purposes are collected by him. All of the provisions of
14 7-6-4423 shall apply to the collection of such special taxes
15 and assessments in the same manner as such provisions apply
16 to the collection of other city or town taxes.

17 (2) When one the payment of an installment of a
18 special assessment becomes delinquent, all payments shall of
19 subsequent installments may, at the option of the city or
20 town council and by upon adoption of the appropriate
21 resolutions duly--adopted, become delinquent, and Upon
22 delinquency in one or all installments, the whole property
23 shall be sold the same as other property is sold for taxes.
24 The enforcement of the lien of any installment of a special
25 assessment by any method authorized by law does not prevent

1 the enforcement of the lien of any subsequent installment
2 when it becomes delinquent."

3 Section 4. Section 7-12-4183, MCA, is amended to read:

4 "7-12-4183. Collection of district assessments by city
5 treasurer in cities where county collects taxes. (1) In any
6 city or town where taxes for general, municipal, and
7 administrative purposes are certified to and collected by
8 the county treasurer in accordance with the provisions of
9 7-6-4407 and 7-6-4423, the city or town may, nevertheless,
10 provide by ordinance for the collection by its city
11 treasurer or town clerk of all special assessments and taxes
12 levied and assessed in accordance with any of the provisions
13 of this part and part 42 in the same manner and at the same
14 time as said taxes for general, municipal, and
15 administrative purposes are collected by the county
16 treasurer. All of the provisions of 7-6-4423 shall apply to
17 the collection of such special taxes and assessments in the
18 same manner as such provisions apply to the collection of
19 other city or town taxes.

20 (2) When the payment of any one installment of any
21 special assessment becomes delinquent, all payments of
22 subsequent installments shall, at the option of the city or
23 town council and by appropriate resolution duly adopted,
24 become delinquent. Such delinquent special assessments shall
25 be certified to the county clerk of the county in which such

city or town is situated, and the county treasurer must collect such delinquent special assessments and taxes in the same manner and at the same time as said taxes for general, municipal, and administrative purposes are collected by him. In case the same are not paid, the whole property shall be sold, the same as other property is sold for taxes. The enforcement of the lien of any installment of a special assessment by any method authorized by law does not prevent the enforcement of the lien of any subsequent installment when it becomes delinquent."

Section 5. Section 15-17-101, MCA, is amended to read:

"15-17-101. Publication of notice of tax sales. (1) On or before the last Monday of June of each year, the county treasurer must publish and mail in the manner ~~and-for-the~~ time prescribed in this section a notice ~~specifying~~ stating:

(a) that at a given time and place (to be designated in the notice), all property in the county upon which delinquent taxes are a lien will be sold at public auction unless prior to said time said delinquent taxes, together with all interest, penalties, and costs due thereon, are paid; and

(b) that a complete delinquent list of all persons and property in the county now owing taxes, including all city and town property as to which taxes or taxes and assessments are delinquent, is on file in the office of the county

treasurer and is subject to public inspection and examination.

(2) The publication must be made once a week for 3 successive weeks in such newspaper published in the county as the board of county commissioners directs; if there is no newspaper published in the county, then by posting the notice in three public places.

~~(3) The--publication-must-designate-the-time-and-place of-sale.~~ The mailing must be made to all parties having an ownership interest in each lot, tract, or parcel of land for which taxes or assessments are delinquent.

(a) The parties are to be identified and their mailing addresses determined from the real estate records of the county in which the land is located, and other persons, if any, known by the county treasurer to have an ownership interest in the property must be included.

(b) For the purposes of this subsection (3), "ownership interest" means any interest in real property, including but not limited to that of a holder of the fee, a lessee, licensee, sublessor, sublessee, mortgagee, or a vendor or vendee under a contract for deed.

(4) The time of sale must ~~not~~ be not less than 21 or more than 28 days from the latter of the date of the mailing or the first publication of the notice, and the place must be in front of the county treasurer's office."

Section 6. Section 15-18-101, MCA, is amended to read:

"15-18-101. Time for redemption. (1) A redemption of the property sold may be made by the owner or any party having any interest in or lien upon such property within 36 months from the date of purchase for homestead property or within 12 months from the date of purchase for other property or at any time prior to the giving of the notice and the application for a deed as provided in this chapter.

(2) For the purposes of this section, "homestead property" means:

(a) agricultural land meeting the criteria set forth in 15-7-202; or

(b) (i) a single-family dwelling or unit of a multiple-unit dwelling that is property occupied as a principal residence by an owner of any interest in the dwelling, legal or equitable, excluding a leasehold, tenancy, or similar interest or a lien or encumbrance; and

(ii) the lot, tract, or parcel of land upon which the dwelling is located."

Section 7. Section 15-18-401, MCA, is amended to read:

"15-18-401. Action to quiet title to tax deed property -- notice. (1) In any action brought to set aside or annul any tax deed or to quiet title or to determine the rights of a purchaser, including the county, or his successors to real property claimed to have been acquired by reason of tax

proceedings or a tax sale, the purchaser or his successor, upon filing an affidavit, may obtain from the court an order directed to the person claiming to own the property or to have any interest in or lien upon said property or a right to redeem the same or claiming rights hostile to the tax title (which person is herein, for convenience, called the true owner), commanding him to:

(a) deposit in court to the use of the tax purchaser or his successors:

(i) the amount of all taxes, interest, and penalties which would have accrued if said property had been regularly and legally assessed and taxed as the property of said true owner and sold for delinquent taxes and was about to be redeemed by him; and

(ii) the amount of all sums reasonably paid thereafter by said purchaser or his successors after ~~3-years-from-the date-of expiration of the redemption period for~~ said tax sale in preserving said property or in making improvements thereon while in possession thereof, as the total amount of said taxes, interest, penalties, and improvements is alleged by the plaintiff and as shall appear in said order; or

(b) show cause on a date to be fixed in said order, not exceeding 30 days from the date thereof, why such payments should not be made.

(2) Said affidavit shall set forth the place of

1 residence of said true owners and whether they are in the
2 state of Montana, if known to the plaintiff, or that the
3 same is not known to the plaintiff.

4 (3) Said order shall be filed with the clerk and
5 recorder and a copy served personally upon all persons shown
6 in said affidavit to be residents of and in the state of
7 Montana, and jurisdiction shall be acquired over all other
8 persons by publishing the same once in a newspaper in the
9 county and by posting the same in three public places in the
10 county at least 10 days before the day fixed for the hearing
11 and by leaving a copy with the county treasurer."

12 Section 8. Section 15-18-403, MCA, is amended to read:

13 "15-18-403. Title conveyed by deed -- procedure to
14 cure defects. (1) All deeds executed ~~more-than-3-years~~ after
15 the expiration of the redemption period for any tax sale
16 shall be deemed to convey to the grantee the absolute title
17 to the lands described therein as of the date of the
18 expiration of ~~3--years--following--the--date--of--sale~~ the
19 redemption period, including all the right, title, interest,
20 estate, lien, claim, and demand of the state of Montana and
21 of the county in and to said real estate and including the
22 right, if said tax deed or tax sale or any of the tax
23 proceedings upon which said deed may be based shall be
24 attacked and held irregular or void, to recover the unpaid
25 taxes, interest, and penalties which would accrue if said

1 tax proceedings had been regular and it was desired to
2 redeem said property, free of all encumbrances except the
3 lien for taxes which may have attached subsequent to the
4 sale and the lien of any special, local improvement,
5 irrigation, or drainage assessments levied against the
6 property, payable after the execution of the tax deed, and
7 except when the land is owned by the United States or the
8 state, in which case it is prima facie evidence of the right
9 of possession accruing as of the date of the expiration of
10 such period for redemption.

11 (2) If any tax deed or deed purporting to be such has
12 been or shall be issued more than ~~3-years-and~~ 30 days after
13 the expiration of the redemption period following any tax
14 sale or attempted tax sale, the grantee may publish in ~~any a~~
15 newspaper in the county published at the county seat or, if
16 none, in ~~any-other~~ a newspaper of general circulation in the
17 county, once a week for 2 weeks, and mail in the manner
18 specified a notice entitled "a notice of claim of a tax
19 title" which shall set forth a description of any property
20 claimed to have been acquired by a tax deed; an estimate of
21 the amount due thereon for taxes, interest, and penalties;
22 and a statement that for further particulars reference is
23 made to the records in the office of the county treasurer;
24 also the name of the person claiming to have obtained a tax
25 deed to said property and the name of the person in whose

1 name said property was assessed or taxed and a statement
 2 that demand is made that such person shall, within 30 days
 3 after the latter of the date of the first publication or
 4 mailing of said notice, pay to said claimant or to the
 5 county treasurer to his use the amount of the taxes,
 6 interest, and penalties as the same may appear in the
 7 records of the county treasurer or bring a suit to quiet his
 8 title or to set aside said tax deed or deeds. Any mistake in
 9 the amount or in any name specified in said notice shall not
 10 invalidate the same. The mailing must be made on or before
 11 the date of the first publication of the notice to all
 12 parties having an ownership interest in the property.

13 (a) The parties are to be identified and their mailing
 14 addresses determined from the real estate records of the
 15 county in which the property is located, and other persons,
 16 if any, known to the grantee to have an ownership interest
 17 in the property must be included.

18 (b) For the purposes of this subsection (2),
 19 "ownership interest" means any interest in real property,
 20 including but not limited to that of a holder of the fee, a
 21 lessee, licensee, sublessor, sublessee, mortgagee, or a
 22 vendor or vendee under a contract for deed.

23 (3) If, within said period of 30 days, said taxes,
 24 interest, and penalties shall not have been paid or said
 25 suit brought, all defects in the tax proceedings and any

1 right of redemption shall be deemed waived and thereupon the
 2 title to said property described in said notice and in the
 3 tax deed shall be valid and binding, irrespective of any
 4 irregularities, defects, or omissions or total failures to
 5 observe any of the provisions of the statutes of Montana
 6 regarding the assessment, levying of taxes, or sale of
 7 property for taxes and the giving of notices including
 8 notices of redemption, whether or not such omissions or
 9 failures make said proceedings void (other than that the
 10 taxes were not delinquent or have been paid)."

11 NEW SECTION. Section 9. Definitions. Unless the
 12 context indicates otherwise, as used in [sections 9 through
 13 13], the following definitions apply:

14 (1) "Improvement fund" means, with respect to any
 15 special assessments, the fund of the municipality into which
 16 collections of the special assessments have been pledged or
 17 appropriated.

18 (2) "Municipality" means, with respect to special
 19 assessments levied under Title 7, chapter 12, parts 41
 20 through 46, the city or town that levied such assessments.

21 NEW SECTION. Section 10. Municipality as purchaser.
 22 Whenever property has been struck off to the county at a tax
 23 sale under 15-17-207, is subject to the lien of delinquent
 24 special assessments, and has not been assigned under
 25 15-17-208 or 15-17-303, at the request of the municipality

1 the county treasurer shall assign all of the rights of the
 2 county acquired therein at the sale to the municipality upon
 3 payment of any delinquent taxes (excluding assessments) and
 4 costs, without penalty or interest. The duplicate
 5 certificate of sale must be delivered to the treasurer of
 6 the municipality and filed by him in his office. No charge
 7 may be made for the duplicate certificate when the
 8 municipality is the purchaser, and in such case the county
 9 treasurer shall make an entry "sold to the municipality" on
 10 the assessment book opposite the tax, and he must be
 11 credited with the delinquent amount thereof in the
 12 settlement. Property sold to the municipality must be held
 13 in trust by the municipality for the improvement fund into
 14 which the delinquent special assessments are payable.

15 NEW SECTION. Section 11. Assignment of municipality's
 16 interest. (1) At any time after a parcel of land has been
 17 acquired by a municipality, as provided in [section 10], and
 18 has not been redeemed, the treasurer of the municipality
 19 shall assign all the rights of the municipality in the
 20 property to any person who pays:

- 21 (a) the purchase price paid by the municipality;
- 22 (b) the delinquent assessments;
- 23 (c) interest on the purchase price and delinquent
- 24 assessments at the rate of 5/6 of 1% a month; and
- 25 (d) penalties and costs as provided by law.

1 (2) The treasurer of the municipality shall execute to
 2 such person a certificate of sale for the parcel, which may
 3 be in substantially the form provided in 15-17-303 for the
 4 assignment of the interests of the county. If the
 5 certificate of sale becomes lost or accidentally destroyed
 6 by the assignee, the treasurer of the municipality shall
 7 issue a duplicate certificate to the assignee after the
 8 assignee delivers to the treasurer evidence satisfactory to
 9 him, including an affidavit of the assignee, that the
 10 certificate has been lost or destroyed.

11 (3) An assignment by a municipality under this section
 12 discharges the trust created under [section 10]. The
 13 municipality may also discharge the trust created under
 14 [section 10] by paying into the improvement fund the amount
 15 of the delinquent assessments and interest accrued thereon.

16 NEW SECTION. Section 12. Sale or lease and
 17 disposition of proceeds from lands acquired by municipality.
 18 A municipality may sell or lease property it acquires under
 19 [section 10] in the same manner as a county may sell or
 20 lease tax-deed property under Title 7, chapter 8, part 23.
 21 All money received by the municipality from the sale or
 22 lease of such land, after payment of the cost of sale, not
 23 to exceed \$25, must be paid into the improvement fund to the
 24 extent of the delinquent assessments, interest, and
 25 penalties. The surplus, if any, must be paid into any

1 revolving fund that secures payment of such special
2 assessments or, if none, to the general fund of the
3 municipality.

4 NEW SECTION. Section 13. Taxes and subsequent
5 installments of special assessments on land acquired by a
6 municipality. For property that is acquired by a
7 municipality as provided in [section 10], subsequent
8 installments of the special assessment or assessments, if
9 any, and other special assessments not then delinquent must
10 be levied, and taxes for the following years must be
11 assessed in the same manner as if the property had not been
12 so acquired. If the special assessments or installments
13 thereof or taxes are not paid when due, the property must
14 again be sold in the manner provided by law and the levies
15 of special assessments, assessments of taxes, and the sale
16 of the property for delinquent special assessments and taxes
17 must continue until the time when the property has been
18 redeemed from such sale.

19 NEW SECTION. Section 14. Codification instruction.
20 Sections 9 through 13 are intended to be codified as an
21 integral part of Title 15, chapter 17, part 3, and the
22 provisions of Title 15, chapter 17, part 3, apply to
23 sections 9 through 13.

24 NEW SECTION. Section 15. Severability. If a part of
25 this act is invalid, all valid parts that are severable from

1 the invalid part remain in effect. If a part of this act is
2 invalid in one or more of its applications, the part remains
3 in effect in all valid applications that are severable from
4 the invalid applications.

5 NEW SECTION. Section 16. Applicability. This act
6 applies to the enforcement of all outstanding and future tax
7 and assessment liens except those installments of
8 outstanding special assessments that are delinquent and have
9 been the subject of a sale for delinquent taxes or
10 assessments before the effective date of this act.

11 NEW SECTION. Section 17. Effective date. This act is
12 effective on passage and approval.

-End-

50th LEGISLATIVE SESSION

TAXATION

COMMITTEE

HOUSE BILL NUMBER	ENTERED COM. DATE	DATE CON- SIDERED	OUT OF COM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMENDED DATE	DO NOT PASS AS AMENDED DATE	BE CON- CURRED IN DATE	BE NOT CON- CURRED IN DATE	BE CON- CURRED IN AMENDED DATE	BE NOT CONCURR IN AS AMENDE DATE
726	2/12/87	2/20/87			2/20/87						
726	2/24/87	3/4/87				3/19/87					
730	2/16/87	2/20/87 2/19/87	3/12/87	tabled		3/17/87					
730	3/4/87					3/4/87					
733	2/13/87	3/6/87		3/10/87							
736	2/13/87	3/6/87		3/10/87							
739	2/13/87	3/6/87	3/10/87	tabled							
741	2/13/87	3/9/87	3/17/87	tabled		3/18/87					
743	2/16/87	2/19/87	2/20/87	tabled		3/12/87					
751	2/16/87	3/6/87				3/12/87					
756	2/16/87	3/6/87	3/12/87	tabled							
759	2/16/87	3/3/87	3/17/87	tabled							
768	2/16/87	3/11/87	3/19/87	tabled							
774	2/16/87	3/4/87	3/16/87	tabled							

Use a separate sheet for Senate Bills, House Bills, and Resolutions.

MINUTES OF THE MEETING
TAXATION COMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

COURTESY OF THE
State Law Library
of Montana

February 19, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on February 19, 1987, at 8 a.m. in Room 312B of the State Capitol.

ROLL CALL: All members were present. Also present was Dave Bohyer, Researcher, Legislative Council.

CONSIDERATION OF HOUSE BILL NO. 743: Rep. Walter Sales, House District #76, sponsor of HB 743, said the bill would cut the sale of vacant lots down to twelve months.

PROPOSERS OF HOUSE BILL NO. 743: John Lawton, City of Billings, explained that the bill addresses delinquent SID's, because although many subdivisions fail, interest must still be paid. He said, right now, taxpayers end up picking up these costs.

Alec Hansen, Montana League of Cities and Towns, said HB 743 is a priority for organization this session, to protect taxpayers in this situation.

Chuck Stearns, Finance Officer, City of Missoula, told the Committee he supports the bill, and said Missoula just took over tax deeds for 61 lots in failed subdivisions, amounting to \$825,000. He explained that the 36 month period is actually stretched out to 4 years, as November tax bills are not certified until July of the following year.

OPPOSERS OF HOUSE BILL NO. 743: There were no opposers of the bill.

QUESTIONS ON HOUSE BILL NO. 743: Chairman Ramirez asked for an explanation of how the bill works. Rep. Sales replied that when a developer can't make payments, the city can take tax title and allow a twelve month redemption period instead of the current 36 month period.

Rep. Asay asked if declarations of future payments would be due immediately. Rep. Sales replied that after one installment became delinquent, a taxing entity could call the SID delinquent.

Chairman Ramirez asked if, under present law, there were not an acceleration provision. Chuck Stearns replied that the City of Missoula already has this power, which is provided for on page 2, line 16 of the bill.

Chairman Ramirez asked if there were any grace period. Mr. Stearns replied that a city could pass a resolution to allow a grace period, but Missoula has never done so. He added that the City of Missoula requires a letter of credit or a deposit of up to one-third of the investment, for SID's.

CLOSING ON HOUSE BILL NO. 743: Rep. Sales made no closing comments.

CONSIDERATION OF HOUSE BILL NO. 678: Rep. Mary Ellen Connelly, House District #8, sponsor of HB 678, said the bill was introduced at the request of Flathead area real estate brokers and the City Council of Whitefish. She explained that the bill would change the amount of delinquent property tax to a percentage schedule.

PROPOSERS OF HOUSE BILL NO. 678: Chuck Stearns, Missoula, stated the bill would speed up payment of delinquent tax bills. He said that in Missoula, 147 delinquencies were between \$1,000 and \$10,000 each, of which 53 were owned by development corporations, and 25 by developers from Las Vegas. He added that 38% of \$1.2 million in taxes billed were delinquent in 1986.

OPPOSERS OF HOUSE BILL NO. 678: There were no opposers of HB 678.

QUESTIONS ON HOUSE BILL NO. 678: There were no questions on the bill.

CLOSING ON HOUSE BILL NO. 678: Rep. Connelly advised the Committee the fiscal note indicates a positive fiscal impact.

CONSIDERATION OF HOUSE BILL NO. 658: Rep. Red Menahan, House District #67, sponsor of HB 658, said the bill would establish a fee in lieu of taxes on boats, as the vast majority of owners are not licensing their boats, in view of the fact that it is easier to pay fines.

PROPOSERS OF HOUSE BILL NO. 658: Dave Severt, owner, Flathead Sports, Kalispell, read from a prepared statement in support of the bill (Exhibit #1, and provided an example of boat taxation rates among western states (Exhibit #2). He said the fiscal note shows a slight decrease in revenue, but the bill makes the system equitable. Mr. Severt added that he would anticipate that 10,000 more boats could be registered, should the bill pass.

Tom Hanson, Canyon Ferry businessman, told the Committee that, under the present system, it costs \$600 per year to register a \$13,000 boat.

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date

2-19-87

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	✓		
REP. ASAY	✓		
REP. ELLISON	✓		
REP. GILBERT	✓		
REP. HANSON	✓		
REP. HARP	✓		
REP. HARRINGTON	✓		
REP. HOFFMAN	✓		
REP. KEENAN	✓		
REP. KOEHNKE	✓		
REP. PATTERSON	✓		
REP. RANEY	✓		
REP. REAM			✓
REP. SANDS	✓		
REP. SCHYE	✓		
REP. WILLIAMS	✓		

2.19.87

74.3

HB 743

Feb 19, 1987

Sales

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

TAXATION COMMITTEE

March 12, 1987

Page 2

Chairman Ramirez advised that the Committee needs to decide whether to include only machinery or real estate, as well, and whether to amend the 6 and 45 mills.

Rep. Harp requested that staff incorporate language in Rep. Brown's bill regarding mills, and the need to limit improvements. Greg Groepper, DOR, stressed the need to make it clear that the Committee is looking at equipment permanently affixed to real property.

Rep. Ellison asked what the qualifying period would be. Greg Groepper reminded the Committee of earlier discussions leaning toward a twelve month shut-down period.

Rep. Harp withdrew his prior motion to amend and made a motion to omit 6 and 45 mills. The motion CARRIED unanimously.

Rep. Harp made a motion to insert language pertaining to "equipment permanently affixed to real property". The motion CARRIED unanimously.

Rep. Raney made a motion to approve the amendments on Exhibit #3. The motion CARRIED with all members voting aye, except Reps. Hanson and Patterson, who voted no.

Rep. Williams made a motion to require that a business be shut down for twelve consecutive months. The motion CARRIED unanimously.

Rep. Raney made a motion to insert "fully or partially exempted", following "may be" on page 1, line 16 of the bill.

Rep. Sands said he disagreed with the proposed amendment as it would leave the issue wide open. The motion made by Rep. Raney CARRIED with all members voting aye, except Reps. Hanson, Patterson, Harp and Sands, who voted no.

Rep. Harp made a motion that HB 751 DO PASS AS AMENDED. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL 743: Rep. Hanson made a motion that HB 743 be TAKEN FROM BEING TABLED. The motion CARRIED unanimously.

Chairman Ramirez advised that a DOR amendment would strike language pertaining to ownership notification by certified mail.

TAXATION COMMITTEE

Page 3

March 12, 1987

Rep. Williams made a motion that HB 743 DO PASS. Rep. Harp made a motion to approve the DOR amendment. The motion CARRIED unanimously.

Rep. Ellison made a motion that HB 743 DO PASS AS AMENDED. The motion CARRIED with all members voting aye, except Reps. Koehnke, Hoffman, and Raney, who voted no.

DISPOSITION OF HOUSE BILL NO. 791: Rep. Ream made a motion that HB 791 DO PASS and that Rep. Strizich' amendment and DOR's amendments be approved, (Exhibits #4 and #5). The motions for both amendments CARRIED unanimously.

Rep. Ream made a motion to approve the Statement of Intent. The motion CARRIED unanimously.

Rep. Ream made a motion that HB 791 DO PASS AS AMENDED.

Rep. Williams commented he felt it was inappropriate to tax illegal possession of dangerous drugs. Greg Groepper replied that the federal government originally established a federal stamp tax in the 1930's on marijuana. He said the DOR amendment replaces the section on lines with a warrant for restraint, and utilizes the usual tax collection method.

The motion made by Rep. Ream CARRIED with all members voting aye, except Rep. Williams, who voted no.

DISPOSITION OF HOUSE BILL NO. 756: Rep. Patterson reported that the study subcommittee felt the Committee could not afford the bill.

Rep. Williams stated the bill is related to several other bills and that he would like to see it tabled until it is known what will happen to the classification system.

Rep. Patterson made a motion that HB 756 be TABLED. The motion CARRIED with all members voting aye, except Rep. Raney, who voted no.

DISPOSITION OF HOUSE BILL NO. 222: Rep. Patterson provided copies of a DOR amendment (Exhibit #6). Chairman Ramirez advised the Committee would hold off action on the bill until March 13, in the interest of time.

CONSIDERATION OF HOUSE BILL NO. 850: Rep. Randy Roth, House District #96, sponsor of HB 850, said the bill would reduce property taxes in all classes by 30%, and commented that CI-27 passed in every precinct in his district.

PROPOSERS OF HOUSE BILL NO. 850: There were no proponents of the bill.

MONTANA LEGISLATIVE COUNCIL BILL STATUS SYSTEM
FINAL COMMITTEE REPORT OF REFERRED BILLS
COMMITTEE--(S) TAXATION

PAGE NBR..... 247
RUN TIME08:32
RUN DATE.... 04/22/87

CHAIRMAN--SEN. GEORGE MCCALLUM
NORMAL SCHEDULE==> SITE: ROOM 413/415

DAYS: MON THRU FRI TIME: 8:00 A.M.

SECRETARY-AGGIE HAMILTON

--BILL NO--	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0741	3/24				BUSINESS & LABOR	
HARP, JOHN			REGULATION OF HEALTH SERVICE CORPORATIONS			
HB0743	3/18	3/25	3/30, 4/2, 4/8, 4/10	CONCUR AS AMENDED		4/11
SALES, WALT			AMEND PROPERTY TAX AND ASSESSMENT SALE -- REDEMPTION TIME BASED ON HOMESTEAD			
HB0751	3/23	3/30		CONCUR AS AMENDED		3/30
WINSLOW, CAL			TAX EXEMPTION TO PREVENT DISMANTLING OF NONPRODUCING MFG. IMPROVEMENT			
HB0776	3/25	4/03		CONCUR AS AMENDED		4/11
NATHE, DENNIS			EXEMPT FROM SEVERANCE TAX ALL STRIPPER WELLS & ALL OTHER WELLS FOR 2 YEARS			
HB0782	3/25	4/02	4/10	CONCUR AS AMENDED		4/11
SANDS, JACK			LOCAL OPTION SALES OR INCOME TAX			
HB0791	3/18	3/25		CONCUR		3/27
STRIZICH, BILL			DANGEROUS DRUG TAX ACT			
HB0794	3/16	3/23		CONCUR		3/27
WILLIAMS, MEL			PROPERTY TAX EXEMPTION FOR LICENSED, NONPROFIT HOSPITAL & OUTPATIENT CENTERS			
HB0795	3/18	3/26		CONCUR	FINANCE & CLAIMS	3/27
GILBERT, BOB			INCORPORATES REGULATION OF CLASS II INJECTION WELLS IN THE OIL AND GAS LAWS			
HB0813	3/24	3/27		CONCUR AS AMENDED		4/3
COHEN, BEN			SETTING FEE IN LIEU OF TAXES ON 3-WHEEL AND 4-WHEEL OFF-ROAD VEHICLES			
HB0816	4/10	4/11		CONCUR AS AMENDED		4/11
ASAY, TOM			NEW CLASS 20 PROPERTY FOR AGRICULTURAL PROCESSING AND TIMBER PLANTS			
HB0848	4/10	4/13		CONCUR		4/13
STANG, SPOOK			REFUND PRORATED SHARE OF CERTAIN TAXES PAID IN OTHER STATES			

MONTANA STATE SENATE

TAXATION COMMITTEE

50TH LEGISLATURE

COMMITTEE MEMBERS: Senator George McCallum, Chairman
 Senator Mike Halligan, V. Chairman
 Senator Al Bishop
 Senator Bob Brown
 Senator Bruce Crippen
 Senator Dorothy Eck
 Senator Tom Hager
 Senator Les Hirsch
 Senator Ray Lybeck
 Senator Joe Mazurek
 Senator Ted Neuman
 Senator Elmer Severson

STAFF ATTORNEY: Jim Lear

COMMITTEE SECRETARY: Aggie Hamilton

BOOK: 1 of 3

INCLUSIVE DATES: January 6 - February 25, 1987

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 25, 1987

The forty-ninth meeting of the Senate Taxation Committee was called to order at 8:00 A.M. on March 25, 1987 by Chairman George McCallum in Room 413/415 of the Capitol Building.

ROLL CALL: All committee members were present.

CONSIDERATION OF HB 743: Representative Sales, House District 76, presented this bill to the committee. This deals with bankruptcy subdivisions. There seem to be a surplus of them in Gallatin County. All this does it to cut down the redemption period which applies to vacant lots from 36 months to 12 months so that the city/county can get their hands on the property earlier and not be stuck. This is an effort to make it easier for the governmental units that have these subdivisions that are in bankruptcy. This allows them to get out from under that earlier and get those lots into private ownership and lets them pay the principal and interest on those lots.

PROPOSERS: Jim Wysocki, City Manager, Bozeman, gave testimony in support of this bill. There are problems in Gallatin County. They have a \$340,000 a year, a 19.5 mill problem. Under this proposal, where there is an improvement on a lot, the redemption period will remain the same at 3 years. To actually get to the point of delinquent, it is 4 years to when the governmental entity can do anything. They feel the one year redemption period for undeveloped land is reasonable when you take into consideration a year would have already passed when we get to the point in time to ask that the redemption period be enacted.

Chuck Stearns, Finance Officer, City of Missoula, gave testimony in support of this bill. A copy of his written statement is attached as Exhibit 1.

Janet Jessup, City of Helena, gave testimony in support of this bill. They do not have any problems currently but would like the recourse this bill allows in addressing the problem should it occur.

John Lawton, City of Billings, gave testimony in support

of this bill. In the city of Billings they have 133 active SID's with \$42 million worth in outstanding bonds. Of the 133 districts, 54 are more than 10% delinquent. The total amount of delinquent payments at this time is \$3.9 million. If it takes 3-4 years to begin to deal with the problem then it is too late.

Mary Van Hull, Commissioner, Bozeman, gave testimony in support of this bill. This is a huge concern in Bozeman and needs to be addressed to help the local taxpayers, not only in Bozeman but across the state.

Kreg Jones, D. A. Davidson and Company, gave testimony in support of this bill. This bill will greatly improve the cash flow to counties. We are looking at a two year time period in HB 743, which will allow the municipalities to turn around the land, mitigate losses and get it back on the tax rolls.

OPPONENTS: None.

QUESTIONS FROM THE COMMITTEE: Senator Lybeck asked Representative Sales why this land would sell under this procedure better than by the developer.

Representative Sales said this will put the city in a position to sell them with just the assessment and the buyer will get a good deal. The person who buys that lot for only what is against the lot will be in pretty good shape.

Senator Eck said we know what the situation is in Bozeman, but what happens in a situation where the owner is still there and there is still some possibility of selling a lot now and then.

Representative Sales said if there is any chance of working the thing out, you will give that person a chance to do that.

Senator Eck asked how that would be decided. Would the city adopt a resolution or would it be by hearing, or what.

Jim Wysocki said we would have to certify the delinquency, which is a formal process within counties, and has to be done through a resolution from the local board. Then, by separate action, we would advertise it for tax sale. It would be at the discretion of the local board as to when we would begin the process of redemption.

Senator Halligan asked if the developer would appear at the meetings.

Jim Wysocki said certainly the developer or the owner of the property has the opportunity to visit with the local entity prior to the time these actions take place. This would take place at a formal meeting, public meeting and there would be opportunity to discuss the matter if it was desirable to do so.

Senator Eck said it appears that you will look at the unencumbered value of the land less the debts owing against it. Will they be buying those lots for little more than the taxes on them.

Jim Wysocki said it is done on an auction process and goes to the highest bidder. Hopefully, when they are finished bidding, there will be enough to cover the taxes and SID taxes.

Senator Crippen said it seems to him that we are closing the barn door after the horse is out. The real problem is that it is easier than it should be to create an SID and SID's generally require a lot of unnecessary expense when you put in an SID.

John Lawton said he does not think he would agree with that. If there are unnecessary costs he does not think they relate to this problem.

Jim Wysocki said this is a choice on the part of the developer. The reason they choose this, in part, is because they can get 20 year financing.

Representative Sales closed.

CONSIDERATION OF HB 678: Representative Connelly, House District 8, presented this bill to the committee. All this bill does is increase the interest from 5/6th of 1% to 1% each month on delinquent property taxes. She has received a lot of letters from around the state and at the present time the delinquencies are running high, with Billings 50%, Columbia Falls 52%, with some at 43%, 46% and 49%. All around the state there has been a problem with delinquent property taxes. Originally the bill would have raised the penalty based on a staggered amount but that was changed in the House. There is a technical problem on the last page, the date should be changed to 1988. She does not think it is fair to go back retroactively to last year.

PROPOSERS: John Courtney, representing the Montana County Treasurers Assn., gave testimony in support of this bill.

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3-25-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR CRIPPEN	✓		
SENATOR NEUMAN	✓		
SENATOR SEVERSON	✓		
SENATOR LYBECK	✓		
SENATOR HAGER	✓		
SENATOR MAZUREK	✓		
SENATOR ECK	✓		
SENATOR BROWN	✓		
SENATOR HIRSCH	✓		
SENATOR BISHOP	✓		
SENATOR HALLIGAN, VICE CHAIRMAN	✓		
SENATOR McCALLUM, CHAIRMAN	✓		

Each day attach to minutes.

DATE March 25, 1987

COMMITTEE ON

Senate Taxation

VISITORS' REGISTER

HB's 409,678,743,791

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Greg Jackson	MTCIK & Rec Assn.			
Chuck Stearns	City of Missoula	678 743	✓	
Janet Jessup	City of Helena	743	✓	
Jane Marie Sweeney	NIT League of Women Voters	409	✓	
Mary Vane Hulse	City of Bozeman	743	✓	
Jim Wysocki	City of Bozeman	743	X	
Kay Foster	City of Billings	743	X	
Barbara Becker	Women's Lobbyist Fund	409	✓	
Jim Wysocki	City of BZN	678	X	
Joe Thomas				
Diane Cuking	S.O.S.			
P. J. Heavell				

(Please leave prepared statement with Secretary)



FINANCE OFFICE

201 W. SPRUCE • MISSOULA, MT 59802-4297 • (406) 721-4700

FINANCE AND DEBT MANAGEMENT
BUDGET AND ANALYSIS
ACCOUNTING
CITY CLERK
UTILITY BILLING
RISK MANAGEMENT

March 31, 1987

The Honorable George McCallum
Chairman, Senate Taxation Committee
Montana State Capitol
Helena, Montana 59620

Members of Senate Taxation Committee
Montana State Senate
Montana State Capitol
Helena, Montana 59620

Re: Support of House Bill 743

Dear Senator McCallum and Members of the Senate Taxation Committee:

This letter of testimony is intended to express the City of Missoula's strong support of House Bill 743 which would decrease the redemption period for property sold at County tax sales from three years to one year for non-agricultural land and non-owner occupied residences. The redemption period would remain three years for owner occupied residences and agricultural land. The League of Cities and Towns has backed this bill as one of its priorities since last fall's convention.

I am enclosing a copy of an article from this morning's Missoulian newspaper describing the problems that Polson has had with a failed developer subdivision. The Committee heard no opposition to and strong support of HB 743 from Billings, Bozeman, Helena, Missoula, Gallatin County, and D.A. Davidson, & Co. Inc, at the March 25 hearing. The City of Missoula has also been contacted by the cities of Polson and Roundup regarding how to deal with developer delinquencies on SID's and Polson asked for a copy of our policy for approving SID's which now has stringent security provisions. Coupled with the well publicized problems of Columbia Falls, it would seem that the problem of developer delinquencies is widespread and needs to be addressed.

Shortening the redemption period for non-agricultural land and non-owner occupied residences would target the problem delinquencies while not changing the situation for farmers and homeowners. As the chart on the reverse indicates, the City of Missoula incurs a tremendous level of SID delinquencies each year. The major problem that the City has is with developers or landlords, many of whom are from out of town. Of the \$480,003.51 that was originally delinquent for last fall's first half billing, approximately \$273,149 or 57% is caused by developers or owners of multiple properties who are habitually delinquent.

The City of Missoula strongly supports House Bill 743. Thank you for your consideration.

Sincerely,

Chuck Stearns

Chuck Stearns
Fiscal Analyst

SENATE TAXATION

EXHIBIT NO. 1

DATE 3-25-87

BILL NO. HB 743

cc: Missoula Senate Delegation: William E. Farrell, Bill Norman, Fred Van Valkenburg, Representative Walter Sales, Alec Hansen.

COURTESY OF THE
State Law Library
of Montana

City of Missoula Special Improvement Billing
vs. Delinquencies

BILLING	Amount Billed	Original Amount Delinquent	Original Delinquent (per cent of Total)
1981 (full year)	2,101,234.94	1,046,812.06	50%
1982 (full year)	1,895,091.93	976,176.61	52%
1983, 1st half	1,414,542.92	605,768.05	43%
1983, 2nd half	576,412.33	263,857.15	46%
1984, 1st half	1,371,820.12	570,588.87	42%
1984, 2nd half	531,577.95	258,779.77	49%
1985, 1st half	1,415,424.19	565,000.28	40%
1985, 2nd half	509,350.67	237,076.32	47%
1986, 1st half	1,263,992.74	480,003.51	38%

I CERTIFY THAT THESE AMOUNTS ARE TAKEN FROM THE RECORDS
OF THE CITY OF MISSOULA TREASURER


Edward A. Childers
Treasurer
City of Missoula
3/14/87

c:siddex

MISSOULIAN MARCH 31, 1987 P.7

Unsold lots provide headaches for Polson

By DON SCHWENNESEN
of the Missoulian

POLSON — "It hit at the wrong time."

That's how Joe Menicucci of the Polson Community Development Corp. sums up Woodbine Estates, an airy eight-year-old subdivision on the slope above Polson High School, with a splendid view of the city, Flathead Lake and the distant peaks of the northern Swan Range.

But the view from the city's ledger books is not as gratifying.

Unsold lots in the project have stacked up more than \$200,000 in delinquencies in unpaid property taxes, assessments for subdivision improvements and irrigation fees for the Flathead Irrigation Project.

The Woodbine Corp., which created the 39-acre, 137-lot development in 1979, filed its last annual report and went belly up in 1981.

At that point, at least 44 unsold lots were transferred to a creditor called the Regency Art Corp., a company incorporated in Panama but headquartered in Geneva, Switzerland.

neva, Switzerland.

Last June, Regency Art transferred the 44 lots to the city of Polson, so the city could try to sell them to cover the delinquent costs — costs that now average better than \$4,000 per lot and range up to \$10,000.

But the city has been unable to sell any lots, because title insurance companies won't guarantee titles to them.

So Polson has gone to district court, seeking a declaration that the city is the rightful owner of the lots.

City Attorney Keith Rennie says the court action should be just a formality, since a Los Angeles attorney for Regency Art has shown no interest in contesting the city over the lots.

"I think they kissed them off years ago," he said of Regency Art.

Though the company deeded the lots to the city, title insurers wanted to see a copy of the corporate resolution that authorized the transfer, along with a certificate showing that the company was in good standing in Panama.

Those were never sent, but

Rennie thinks it was just an oversight. He points to the city's communication problem with Spanish-speaking Panama and French-speaking western Switzerland.

In the meantime, the city is trying to work out a deal with local real estate brokers to sell the lots as soon as the court clears up the title problem.

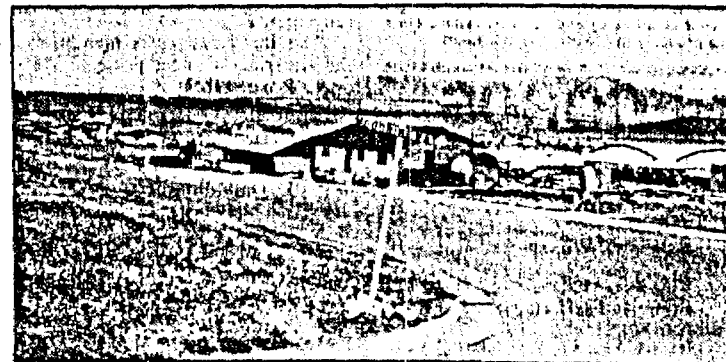
To satisfy the bondholders who financed the streets, sewers and other improvements in the subdivision, annual assessments paid by lot owners are being used to cover the interest payments on the bonds.

A provision in the bond agreement allows the city to keep current by paying only interest, if it isn't collecting enough money to make payments toward the principal.

That means the bonds aren't being retired.

Rennie said the city hopes to sell the remaining lots over the next 10 to 12 years and recoup the money it will need to retire the bonds when they fall due.

If the strategy fails, city taxpayers could end up footing the bill for the improvements, a bill



DON SCHWENNESEN/Missoulian

Woodbine Estates subdivision in Polson is at a crossroads. Once a promising new residential neighborhood, the project has been taken over by the city because unsold lots have stacked up more than \$200,000 in unpaid taxes, assessments and fees.

that is ultimately guaranteed by the city. Such costs would be spread over all city taxpayers, not just those in the subdivision, he said.

But local real estate brokers were optimistic that the lots will gradually sell, especially if the prices are attractive.

The city was reportedly eyeing a price of around \$9,000 per lot.

One broker said that would be a bargain, because lot prices were \$12,000 or more when the development was completed.

"It's not a total failure," said Menicucci. "It is a well laid-out subdivision," but he thinks it just happened to hit the local real estate market about the time interest rates soared and the market dried up.

Powell County sets pace in regional school lev

By JOHN STROMNES
of the Missoulian

The amount voters are willing to tax themselves for local education varies dramatically among western Montana counties, a Missoulian analysis of state data reveals.

The reasons? A mix of historical, geographical and cultural factors influence the acceptance of voted levies, county education officials and school administrators say.

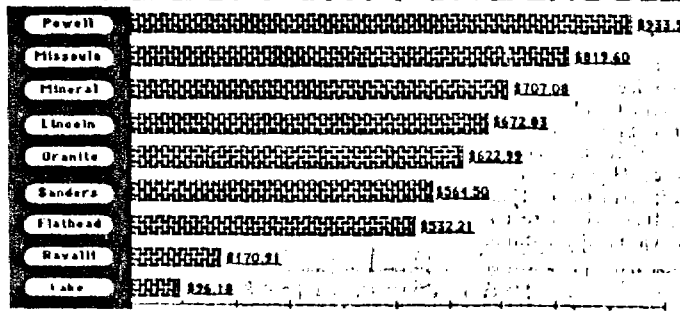
proved more than \$1 million in supplementary property taxes last year for their schools. This amounted to about 34 percent of the total budget for all school districts in the county or \$934 per student. (For a county-by-county comparison, see accompanying graphic).

Powell County voters, like those in many other districts, have grown accustomed to special levies.

"People get indoctrinated," said Powell County's Smith.

That situation contrasts with

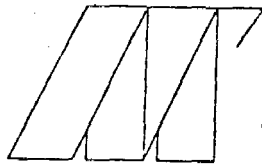
VOTED SUPPORT FOR SCHOOLS



Values are in dollars per student. Source: Montana Department of Education, 1986-87. Based on 1986-87 data. The data is for the year 1986-87.

money. Most federal funds are payments "in lieu of taxes," and are most prominent in western Montana at schools within the boundaries of the Flathead Indian Reservation. These payments go directly to schools, whereas payments "in lieu of taxes" for federal forest lands are diluted throughout county government.

In many Lake County districts, school boards need not levy any local property taxes because of this federal money, said Lake County Superintendent of Schools Glenene Fer-



MISSOULA COUNTY

OFFICE OF THE COUNTY TREASURER
P. O. BOX 7249
MISSOULA, MONTANA 59807

Date: January 22, 1987

To: Chuck Stearns, Fiscal Analyst
City of Missoula Finance Office

From: Beverly Hiday *bh*
Missoula County Treasurer-
Real Estate Supervisor

Ref: Hillview Heights #6 Subdivision

Attached are delinquent statements for the individual lots of the subdivision. The amounts indicated are taxes, penalty interest; city specials, penalty and interest for each year of delinquency. Summary totals are also indicated.

The total amount due by February 3, 1987 is:

Principal-taxes and city specials	\$604,665.76
Penalty	11,986.95
Interest	209,006.68
Total due	<u>\$825,659.39</u>

The date of the first "Treasurer's Tax Sale Certificate" is July 22, 1981. I have indicated the total principal amount within this sale on each printout to the far right. (*). The totals can be verified by adding those principal amounts due for 1980. (Taxes and city specials).

As agreed upon, the City check will not be deposited by us until we have exchanged our check to you for the City SID's. This exchange will occur when we have completed our receipting of the tax bills. Barring complications, the date of completion will hopefully be February 20, 1987. Efforts will be made to issue you the assignments within a few days of our receiving your payment check. These arrangements should meet with your approval.

Contact me should you have further questions regarding this transaction.

SENATE TAXATION

EXHIBIT NO. 1

DATE 3-25-87

BILL NO. H.B. 74

BREAKDOWN

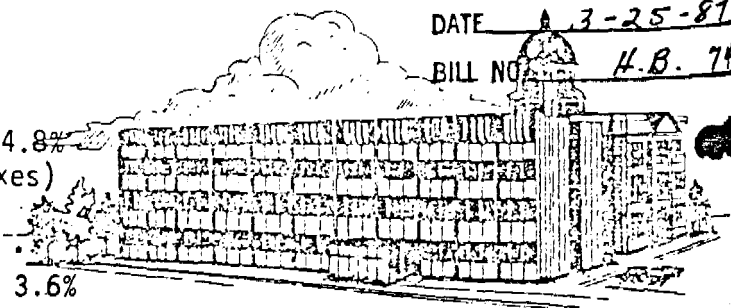
bh/me

APPROX

CITY SID'S \$782,659
CITY TAXES \$ 13,000
CITY RECEIVES \$795,659

(Returned Immediately) 94.8%
(Returned w/ monthly taxes)
96.4%

OTHER TAXES \$ 30,000 (City loses this money) 3.6%

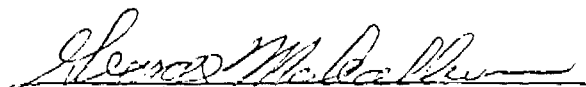


FURTHER CONSIDERATION OF HB 743: Jim Lear said the problem with this bill, in looking at SB 162 on the tax deed process, 15-18-101 is amended by this bill but is repealed by SB 162. SB 162 has new provisions for the time for redemption and the committee should know that Section 5 of HB 743 is perhaps one of the key components of the bill in that it provides for a standard redemption period for homestead property.

Senator Mazurek said it repeals all of Title 15, Chapter 18, but all it does is rewrite it. You would have to go into the new redemption section and write this into that or that into this.

Senator Crippen said one of the things you have to keep in mind is that when you do an SID on a parcel of land, you are required to do the SID on the entire parcel, whether you want to develop a portion of the parcel or not. They will make you put the whole thing into SID. They require you to pay a set fee for the engineer, for the attorney and you talk about a sweet deal. There is no way to negotiate those fees. A large SID will get \$50-100,000 more in fees than they deserve. Developers will come in and develop anything they get their hands on, but the county and cities should not allow that.

ADJOURNMENT: The meeting adjourned at 8:45 A.M.


SENATOR GEORGE McCALLUM, Chairman

ah

Senator Crippen asked if they could use the local option tax.

John Lawton said if we had the authority and the approval we would be able to use the local option tax. The voters would have to approve that in advance.

Senator Halligan asked if a public hearing shouldn't be a requirement before the provisions of this bill take place. Also, we could build in I-105 language that says if I-105 doesn't take effect, this language will not take effect.

John Lawton said he is not sure whether tax bonding requires a public hearing. He believes they may. He would certainly have no problem with building a public hearing requirement into this legislation. With regard to the language that would eliminate this if I-105 does not take effect, one of the other measures could come up and we would really have to worry.

FURTHER CONSIDERATION OF HB 743: Senator Mazurek said several people have come to him expressing concern over the one year provision in this bill.

Jim Wysocki, City of Bozeman, said as the Mayor of the City of Bozeman has written in a letter he furnished to the committee, attached as Exhibit 10, the one year period actually affords these lands two years of time.

Senator Mazurek said that is from your prospective, but from a taxpayers prospective, he or she will have to make up the difference in one-fourth the time.

ADJOURNMENT: The meeting adjourned at 11:00 a.m.


SENATOR GEORGE MCCALLUM, Chairman

ah

Senator Neuman asked if that would mean you would have to pay a tax on the freight that the carrier charges you for delivering stove fuel, which is exempt, but you would not have to pay a tax on the fuel itself.

Dave Bohyer said that would be his understanding.

Senator Crippen said in all these things that we are doing, he would like to put the committee on record as adopting them in total but not in principle.

Senator Neuman would concur.

The whole committee was in agreement.

Senator Eck's motion carried with Senator Neuman opposed.

DISPOSITION OF HB 666: Senator Crippen said he discussed this with the city of Billings people. He agrees that it will help in issuing new tax increment bonds because of I-105 and underwriting becoming more difficult in these tax increment districts. With this additional revenue pledged to be used, should the tax increment portion not be enough to pay off the bonds, it will help these districts even though it is unlikely they will have to go outside to pay off the bonds with the requirement of 130% of revenue to obtain the bonds in the first place. Tax revenue bonds in Billings have done a great deal for downtown.

Senator Neuman said you talked about grandfathering this bill.

Jim Lear said he had prepared an amendment on page 3, line 18, following "date" insert "not applicable" and then add a sentence at the end of the effective date with language that would read "this act does not apply to bonds issued before the effective date of this act."

Senator Crippen made a motion to adopt the amendment outlined by Jim Lear. The motion carried.

Senator Crippen made a motion that HB 666 BE CONCURRED IN AS AMENDED. The motion carried with Senator Neuman opposed.

FURTHER CONSIDERATION OF HB 743: Senator Eck made a motion that HB 743 BE CONCURRED IN.

Jim Lear said it conflicts with SB 162.

Senator Eck asked if he worked out what we needed on this.

Senate Taxation
April 8, 1987
Page Seven

Jim Lear said this absolutely requires coordination instructions and he would ask the committee to give him time to prepare them. He will have coordination instructions for HB 743 and SB 162 tomorrow.

Senator Crippen can see the problem, but would be more willing to go to a compromise from 3 years to 2 years.

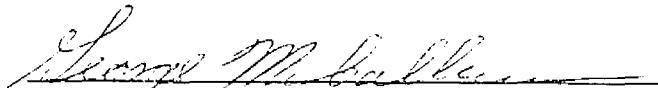
Senator Eck said we might consider going from 1 year to 18 months.

Senator Bishop said this refers to the "payment of an installment". Are we talking one year or two installments. Four installments would be two years.

Senator Mazurek said now you have to be delinquent for 3 years on all installments.

Senator Eck withdrew her motion until Jim Lear can provide the necessary coordination amendment.

ADJOURNMENT: The meeting adjourned at 9:55 a.m.


SENATOR GEORGE McCALLUM, Chairman

ah

Senate Taxation
April 11, 1987
Page Nine

Senator Crippen said if HB 377 does pass, then this becomes 1%. If HB 377 does pass, he would agree with Senator Halligan, at that point in time you would not want that 1% subject to property tax relief.

Senator Brown withdrew his motion.

Senator McCallum said we can pass this and he could have some amendments drafted to present on the Senate floor.

Senator Eck made a motion that HB 782 BE CONCURRED IN AS AMENDED.

The motion carried with Senators Neuman, Bishop, Lybeck, Brown and Severson opposed.

DISPOSITION OF HB 743: Jim Lear said the committee put on Senator Eck's motion to go to 18 months for the redemption period on property that would not be homestead property and he proposed the coordination instructions as requested by Senator Eck and attached as Exhibit 2, in relation to SB 162. He reviewed the amendments with the committee.

Senator Mazurek made a motion that the committee adopt the amendments. The motion carried.

Senator Eck made a motion that HB 743 BE CONCURRED IN AS AMENDED. The motion carried with Senators McCallum and Neuman opposed.

DISPOSITION OF HB 816: Senator Mazurek has difficulty with the first part of the bill where the Department shall reduce the assessed value by 25% a year for each year the plant is out of production. If you hold it for a year and do not produce for a year, the property tax drops.

Senator Crippen asked what this was in response to.

Senator McCallum said to Great Western Sugar.

Senator Halligan would move that HB 816 BE TABLED.

Senator Crippen asked how he would handle the problem that led to the introduction of this bill.

Senator Halligan said the bill only deals with agriculture and timberland. What is wrong with allowing this for mining and manufacturing as well.

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 4-11-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR CRIPPEN	✓		
SENATOR NEUMAN	✓		
SENATOR SEVERSON	✓		
SENATOR LYBECK	✓		
SENATOR HAGER	✓		
SENATOR MAZUREK	✓		
SENATOR ECK	✓		
SENATOR BROWN	✓		
SENATOR HIRSCH	✓		
SENATOR BISHOP	✓		
SENATOR HALLIGAN, VICE CHAIRMAN	✓		
SENATOR McCALLUM, CHAIRMAN	✓		

Each day attach to minutes.

Amend House Bill No. 743, 3rd Reading Copy

1. Page 15.

Following: line 25

Insert: "NEW SECTION. Section 14. Coordination instruction. If Senate Bill No. 162, including repeal of 15-18-101, 15-18-401, and 15-18-403, is passed and approved, sections 6 and 7 of this act are void and section 16 of Senate Bill No. 162, relating to time for redemption, is amended as follows (3rd reading copy of SB162):

1. Page 16, line 24.

Following: "later"

Insert: ", for homestead property or within 18 months from the date of purchase for other property"

2. Page 16, line 25.

Following: "26]"

Strike: ", "

Insert: ": (a)"

3. Page 17.

Following: line 8

Insert: "(b) 'homestead property' means:

(i) agricultural land meeting the criteria set forth in 15-7-202; or

(ii)(A) a single-family dwelling or unit of a multiple-unit dwelling that is property occupied as a principal residence by an owner of any interest in the dwelling, legal or equitable, excluding a leasehold, tenancy, or similar interest or a lien or encumbrance; and

(B) the lot, tract, or parcel of land upon which the dwelling is located."

Renumber: subsequent sections

jhl/e:hb743am.txt (dw3)

SENATE TAXATION

EXHIBIT NO. 2

DATE 4-11-87

BILL NO. H.B. 743

STANDING COMMITTEE REPORT

HB743.SCR

.....April 11,..... 19..57...

MR. PRESIDENT

TAXATION

We, your committee on.....

HOUSE BILL

743

having had under consideration..... No.....

third

blue

reading copy (.....)

color

AMEND PROPERTY TAX AND ASSESSMENT SALE -- PREDEMPTION TIME BASED ON
HOMESTEAD

Respectfully report as follows: That.....House Bill..... No. 743.....

BE AMENDED AS FOLLOWS:

1. Page 7, line 7.

Following: "within"

Strike: "12"

Insert: "18"

2. Page 15, following line 15.

Insert: "NEW SECTION. Section 14. Coordination instruction. If Senate Bill No. 162, including repeal of 15-18-101, 15-18-401, and 15-18-403, is passed and approved, sections 6 and 7 of this act are void and Section 16 of Senate Bill No. 162, relating to time for redemption, is amended as follows (3rd reading copy of SB162):

1. Page 16, line 24.

Following: "later"

Insert: ", for homestead property or within 18 months
from the date of purchase for other property"

2. Page 16, line 25.

Following: "261"

Strike: "1"

Insert: "1 (c)"

DO PASS

DO NOT PASS

CONTINUED

Chairman.